

FISCAL NOTE

SB 2803 - HB 2942

February 12, 2000

SUMMARY OF BILL: Amends TCA 67-8-104 by deleting the distinction between Class A and Class B beneficiaries and providing all beneficiaries with a \$10,000 exemption. The bill also proposes an annual cost of living adjustment to the standard exemption based on the increase of the current year consumer price index over the 1992 consumer price index. Under existing law, there are two different levels of exemptions for gift taxes. Class A beneficiaries (primarily immediate family) are currently entitled to a \$10,000 per recipient exemption. Class B beneficiaries are currently entitled to a \$3,000 per recipient exemption. The standard exemption for Class A recipients is currently increased each year by the same amount that the annual exclusion amount for federal gift taxation purposes increases.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$1,400,000 1st Full Year

Increase State Expenditures - \$27,500 One-Time

Estimate assumes:

- Total Class B gift tax collections for FY98-99 exceeded \$2,800,000 and 50% of Class B Gift tax revenues would be lost.
- A one-time increase in state expenditures of \$27,500 to modify existing MIS systems.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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